

## **BOARD OF LEADERS**

July 9, 2019

Carol L. Folt, Ph.D.  
President  
University of Southern California  
University Park Campus  
Los Angeles, CA 90089

Dear Dr. Folt:

On behalf of the Board of Leaders of the Marshall School of Business, we would like to welcome you as our university's 12<sup>th</sup> President. As you know, the Board of Leaders consists of 116 proven, widely respected enterprise leaders and senior executives (<https://www.marshall.usc.edu/about/leadership/board-leaders>) within the global business community who give generously of their time, expertise and financial resources to support the Marshall School, its faculty, staff and students. Our membership includes current and past Trustees and university-wide leaders. We have been appointed over the years by a series of deans of the business school stretching back to Jack Borsting (1988-1993). We bring a pragmatic, highly experienced and visionary perspective to matters affecting the Marshall School of Business and, at times, the University overall.

The Board of Leaders hopes your incoming administration will lead to real, meaningful change at the University of Southern California, realigning the university's actions with its words and values. As you know, we publicly criticized USC's administration earlier this year for what it had become: *Leadership that has lost its legitimacy, and one that—without either change or replacement—cannot be redeemed.* USC's culture is a work-in-process and we hope that, under your wise, insightful new leadership, it will be characterized by close adherence to the highest ethical values from this day forward.

To that end, we note with interest and approval what appears to be your first act as President—settling the litigation with and apologizing to the *University of California at San Diego* for “the manner in which” certain *UCSD* faculty, staff and research assets were brought to USC, making clear that “these actions did not align with the standards of ethics and integrity which USC expects of all its faculty, administrators, and staff. USC is committed to, and wants to be known for, ethics, integrity and the pursuit of academic excellence, and it has already implemented sweeping changes to this end. These standards will apply to all aspects of University operations, *including the*

*recruitment and/or transition of faculty members to or from USC.* USC regrets that actions in this case fell short of these standards.”

Dr. Folt, we applaud you for closing the book on this unfortunate episode in USC’s past. But there is much more cleanup and atonement for recent acts that needs to be done. If USC can apologize to *UCSD* for inappropriate conduct in “recruitment of faculty members” *to* USC, we believe it can and should apologize to a member of its faculty and staff for its inappropriate conduct in “transitioning” him *from* USC— and doing so **now**, *without* the necessity of litigation, as was the case with *UCSD* which, regrettably, had to sue USC before achieving a just result.

We are referring, of course, to the case of Marshall School dean and tenured faculty member Jim Ellis. We presume you read with interest, as did we, Jim’s open letter to the Marshall community on June 30<sup>th</sup> ([https://drive.google.com/file/d/16BpH2yTVkO\\_8iFGT2xJnz1HASHf1BZDd/view](https://drive.google.com/file/d/16BpH2yTVkO_8iFGT2xJnz1HASHf1BZDd/view)), his last day as dean, as well as the concurrent published articles, news reports and commentary. This was the first time that Jim was able to speak in his own defense since being ordered to keep quiet by former Provost Michael Quick on December 3<sup>rd</sup> of last year, and the first time that the complete facts on the matter—which were widely confirmed by respected Marshall faculty and staff leaders—were publicly disclosed.

What Jim had to say—and what was borne out in the various news accounts last week—shocks the conscience. As virtually all engaged, professional leaders and stakeholders at Marshall have already long known and consistently held, there was no justification for his removal as dean, and every reason to allow him to complete the remaining three years of his term. The stunning revelations with respect to USC’s Office of Equity & Diversity (“OED”) Title IX complaint files and the *Cooley LLP* report clearly indicate there was no reasonable basis for his dismissal which, of course, is borne out by the fact that even your predecessor, Interim President Wanda Austin, allowed him to finish serving as dean for seven months after she terminated him (and also offered during subsequent negotiations with him to allow Jim to stay in office until an incoming permanent dean could take over), an action one presumably would not take if Jim was a “problem dean” who was a risk to the university.

Frankly, the survey of Marshall School faculty taken within a week of the announcement of Jim’s dismissal was evidence enough that there were **no** issues of diversity, equity or inclusion on his watch. The survey, with 71% of faculty responding within two days, wholeheartedly supported him as dean, and independent studies (*Bloomberg*, *US News & World Report*, *Poets & Quants*, etc.) credited the Marshall School with wide-ranging achievements in diversity, inclusion, academics, placement, equity and ethics. This dean should have been—and still should be—celebrated, not censured.

Thanks to the revelations of the past week, the public—particularly the Trojan Family—can now see for themselves that USC’s outgoing administration was misguided in removing the dean, and the Marshall School of Business—its entire faculty, staff and stakeholders alike—as well as Jim Ellis have had their reputations severely damaged by the blatantly false veneer of an allegedly pervasive culture of gender and racial bias and discrimination. Marshall’s faculty and staff have

been unfairly indicted, tried and convicted without having the opportunity to defend themselves, and this travesty cannot be allowed to stand.

But, unfortunately, that's all water under the bridge. Jim Ellis is Marshall dean no longer. So, where do we go from here?

*Dr. Folt, there are invaluable lessons to be learned from the Dean Ellis matter, and we believe this situation presents an important and unique but fleeting opportunity for your "fresh start" presidency to visibly assert its new leadership, immediately and decisively demonstrate its true, intended direction and strong commitment to USC's core values, and simultaneously mend fences with the Marshall community, a vibrant body that has needlessly and grievously suffered these past eight months. The Marshall School Board of Leaders stands ready to join you, to collaborate with you and support your ascendant presidency in this critically important, urgent endeavor.*

Some crucial background facts may help to set the stage for action. The Marshall School Board of Leaders' position has been consistent throughout this crisis of leadership. We have been highly critical of the lack of process in Dean Ellis' removal, with just cause. We find serious fault in the process followed by the previous administration in three critical respects:

**No due process.** Jim Ellis was given no opportunity to defend his record, or even to examine the case against him. To this day, he has not been given or shown a copy of the *Cooley* report that supposedly was used by former General Counsel Carol Mauch Amir and Provost Quick as justification for his dismissal. When Jim was finally given access to the OED records of gender and racial bias cases that he allegedly mishandled, he assembled a team of three impartial Marshall administrators to review them—two of whom were both ethnic minorities and female. They were *appalled* by what they found: **a total lack of grounds for requiring his departure, no pattern of discrimination by faculty or staff, and no misconduct whatsoever by the dean himself, either through acts of commission or omission;**

**No shared governance between faculty and administration.** The Marshall School's faculty, arguably the most accurate barometer of whether there is a culture problem at the school, *was not consulted in advance of the decision to terminate Dean Ellis and was ignored after the decision.* Marshall faculty voiced their overwhelming support for Dean Ellis in a survey ([https://drive.google.com/file/d/1zXnH6uxLULm\\_hXYf3-97KFeBWusz4mKw/view](https://drive.google.com/file/d/1zXnH6uxLULm_hXYf3-97KFeBWusz4mKw/view)) conducted by the school's Faculty Council within days of when the news broke that the dean was being removed. The faculty gave the dean high marks, rating him between 4.5 and 4.8 on a scale of 5.0, on a variety of important metrics, and was extremely critical of the lack of process in the decision to dismiss him. The university's Academic Senate, the governing body for *all* USC faculty members, also unanimously denounced the decision as lacking in shared governance and transparency (<https://academicsenate.usc.edu/files/2018/12/AcademicSenate.Resolution.18-19-04.pdf>). Unfortunately, USC's administration not only chose to ignore this information, *they buried it:* Marshall's Faculty Council offered to present the survey results to the Board of Trustees in its December 12<sup>th</sup> meeting at which Dean Ellis' termination was to be discussed and debated,

but Board Chair Rick Caruso inexplicably refused to let them present their findings. For reasons known only to Mr. Caruso, the board was asked to deliberate about so momentous a decision as the removal of the dean of the largest and most prominent school on campus with incomplete information;

**No transparency.** Neither the dean himself nor the faculty and staff of the Marshall School were ever provided a rationale for why he had to go. The administration's repeated response was "it's a personnel matter so it's confidential." USC has come under intense criticism in recent years for its lack of transparency and vain attempts to sweep personnel problems under the rug. Cases in point include Keck School Dean Carmen Puliafito and Engemann Student Health Center gynecologist George Tyndall—failed coverups that exploded in the university's face. We applaud Dean Ellis for refusing to agree to a confidential settlement with USC—he does not deserve to be in the same company as Messrs. Puliafito and Tyndall. We also suspect that the real reason for the lack of transparency by the administration, despite repeated pledges by your predecessor and the chairman of USC's Board of Trustees that the university was resolutely committed to a new era of transparency, is that the facts—as the entire Trojan Family has now learned—do not support the dean's dismissal, so best not to go there. Jim Ellis declined a multi-million-dollar settlement with USC because he didn't just talk the talk about transparency, he walked the walk. **This university's leadership should aspire to be as ethical and principled as he is.**

Dr. Folt, in our letter to your predecessor and the Board of Trustees last December 10<sup>th</sup> ([https://drive.google.com/file/d/16zm4jUmleEUXW5AVNAXGrIZSDJnGxKD\\_/view](https://drive.google.com/file/d/16zm4jUmleEUXW5AVNAXGrIZSDJnGxKD_/view)), we requested that the administration form an independent committee to immediately review and assess the Marshall School's performance with respect to USC's values, stated goals and code of conduct for inclusion, equity and diversity. The committee was to consist of representatives from the Board of Trustees, the administration, Marshall faculty and students, and the Board of Leaders, with the decision to remove Dean Ellis temporarily stayed until the review was completed. To our surprise and amazement, this seemingly reasonable request was ignored by both the administration and the Board of Trustees.

For all of the reasons cited above, this repugnant lack of process and integrity in the removal of a highly respected dean of one of USC's 21 schools cannot and should never be repeated. **We believe USC should make a formal apology to Jim Ellis and set the record straight with respect to his deanship and the entire Marshall School—both his good name and the Marshall School's reputation should and must be cleared.** We strongly encourage you to do so, for the good of the Marshall School and the very institution you lead. The Board of Leaders stands ready to work steadfastly with you to accomplish this. We have specific ideas and recommendations that we would like to discuss with you at your earliest convenience, as *time is of the essence in this matter.*

Finally, Dr. Folt, we would like to express our equally serious concern over the lack of process followed in securing a replacement for Dean Ellis. What we are about to say should not be taken as a criticism of incoming Dean Geoff Garrett—we believe he is eminently qualified for the job. His credentials are strong, his track record at Wharton is exceptional and the Board of Leaders has

already officially welcomed him to Marshall. Once these wrongs have been righted, the Board of Leaders will be able to fully focus its support to work closely and collaboratively with Dr. Garrett to ensure his strategies and initiatives are embraced by the entire Marshall community so that, together, we can continue to accelerate the strong, positive trajectories of Marshall's academic performance and standing. We are, however, deeply concerned about the lack of process in his selection which, again, is a reflection of the prior administration.

**No search.** Both Interim President Austin and Provost Quick announced in mid-February that there would be a “thorough national search for the new dean of the USC Marshall School of Business.” Unfortunately, **no such search transpired.** Although USC went through the motions, hiring an outside search firm (*Spencer Stuart*), appointing both a Faculty Advisory Search Committee and a committee consisting of a “special group of advisors” to the search committee, and holding campus “listening sessions” with students, faculty and staff, no search was actually conducted and no other candidates were interviewed other than Dr. Garrett. No position description was ever finalized, posted and advertised, nor were candidates solicited, screened or interviewed. Dr. Garrett himself was “circumspect” when queried by the *Los Angeles Times* about the search process, indicating that he reached out to USC when he was on the re-accreditation team for the Marshall School earlier this year (<https://www.latimes.com/local/lanow/la-me-ln-usc-business-school-dean-upenn-wharton-20190611-story.html>).

Yet USC continues to double-down on its recent administrative predilection for evasion and hiding the truth. When *Poets & Quants* ran a story asserting that Dr. Garrett was hired without a full search (<https://poetsandquants.com/2019/06/11/wharton-dean-to-pack-bags-for-usc-marshall-job/?pq-category=business-school-news>), Eddie North-Hager, Executive Director of Media Relations for USC, lamely cited the retention of *Spencer Stuart* and that it was “widely known a dean’s search was occurring.” He pointedly declined to answer whether any other candidates were interviewed or even considered.

Less than four months transpired between the announcement of the appointment of a dean search committee on February 14<sup>th</sup> and Dr. Garrett’s hiring on June 11<sup>th</sup>. The *Yale School of Management* took **one year** to secure a dean, *UCLA’s Anderson School of Management* took **16 months**, *Kellogg’s Northwestern* took **17 months** and *Berkeley’s Haas School* took **14 months**. “Thorough national searches” at the nation’s top-tier business schools take time—there was no such search here.

USC simply needs to drop the pretense and come clean—*there was no search*. Why the continuing lack of transparency? Alarming, members of the dean search committees were not only sworn to secrecy as to the identity of any candidates being considered, which is normal for such high-profile searches, they were also sworn to secrecy *about the process itself*. Why was this unusual protocol put in place, unless an actual search was never intended to be conducted in the first place? Anything less than a thorough, exhaustive search is potentially compromising to the school, and to the selected candidate. It is unwarranted, unfair to all concerned, and, frankly, unnecessary. As Dr. Garrett will not be assuming his duties as Marshall dean until July 1, 2020, there was certainly



plenty of time for a proper “thorough national search” to be conducted and other candidates to be identified and considered.

Dr. Folt, you were secured as USC’s 12<sup>th</sup> President after a thorough, national search involving over 100 candidates; the Marshall School, USC’s largest and most prominent school, certainly deserves no less. Compilation and consideration of a diverse slate of candidates should have been mandatory for such a prestigious and impactful post. Across the landscape of academia, corporate America and charitable institutions, diverse slates of candidates for senior leadership positions are *de rigueur*—how could that possibly not have happened here?

USC may have been uncannily fortunate this time, as a qualified candidate emerged early on and was quickly selected to become the new Marshall dean. But luck is not a strategy and such a serendipitous approach to executive selection can *never* be allowed to happen again, particularly in this day and age when the failure to consider diverse candidates who mirror the diversity of the constituency they serve is unfathomable and inexcusable.

In conclusion, we hope that, as you build your own leadership team, you will require the university to engage in thorough national searches that generate the very best diverse pool of candidates for the job. Just as you were selected from the outside, and not from within USC’s ranks, we also believe that the replacements for Provost Quick and General Counsel Amir should come from outside the university. Michael Quick had never been a provost before, and Carol Mauch Amir had never been a general counsel. As the past few years of serial scandals that have wreaked untold damage on USC have shown, these positions require big-time experience and executive-level talents, not on-the-job training. Quick and Amir’s lack of prior experience, senior management prowess and good judgment proved devastating to the university. We would note also that Dr. Austin had no prior university administration experience, either, which further compounded the recent confusion and suboptimal outcomes.

**Dr. Folt, we look forward to the opportunity to meet with you, together with Interim Dean Gareth James and Incoming Dean Geoff Garrett, if possible, in the near term to identify, explore and discuss some of the best paths forward for the Marshall School of Business, its faculty, staff, students, parents and alumni. As you remarked in your interview with the *Daily Trojan* upon the announcement of Dean Garrett’s hiring (<http://dailytrojan.com/2019/06/11/usc-appoints-wharton-school-dean-as-marshalls-new-leader/>), “...we have to reestablish trust. We have to build back to a point where people are all feeling that they’re part of the decisions being made...it’s what I have to do, coming in as president at this time.” We are here to help you achieve that all-important mission, and this past week’s revelations signal a watershed moment is at hand that, coming early in your administration, presents a unique opportunity to define and—handled appropriately—greatly strengthen your presidency at this university.**

As we expressed in our correspondence to the Board of Trustees of January 21<sup>st</sup> ([https://drive.google.com/file/d/116P4PPIH2NbWGVctLZlxY5i\\_AEsdCgRK/view](https://drive.google.com/file/d/116P4PPIH2NbWGVctLZlxY5i_AEsdCgRK/view)), and as we know you appreciate based on your insightful comments above, leadership is built on a

Carol L. Folt, Ph.D.  
University of Southern California  
July 9, 2019  
Page 7

**foundation of truth and transparency. We believe a statement from you and the new Marshall deans setting the record straight with respect to both Dean Ellis and the Marshall School, as well as *the dean search that wasn't*, will be the first critical step in reestablishing leadership legitimacy at USC and will set the tone for the strong, clear-eyed leadership to come from Bovard under your administration. You can count on the Marshall School Board of Leaders, its faculty and staff to support you every step of the way in this regard.**

Very truly yours,

**The Executive Committee of the Marshall School Board of Leaders**

cc: The Board of Trustees, University of Southern California  
Marshall School Board of Leaders  
Marshall School Corporate Advisory Board  
Leventhal School Board of Advisors  
Marshall School Faculty Council  
USC Academic Senate  
Interim Dean Gareth James  
Incoming Dean Geoffrey Garrett